



(NYSE: RAX)

**Bullish**

## Rackspace Hosting Inc

### Overview

Recent Price	\$33.10
52 Week Range	\$33.90 - \$81.36
1 Month Range	\$33.90 - \$49.59
Avg Daily Volume	4430435.0
PE Ratio	55.34

### Earnings Per Share

Year	EPS
2013(E)	\$0.67

### Capitalization

Shares Outstanding	139MM
Market Capitalization	\$5342.00MM

### Predictive Range

Expected Movement \$35.55 - \$38.02

December 03, 2013      December 30, 2013



Rackspace Hosting, Inc., through its subsidiaries, provides cloud computing services, managing Web-based IT systems for small and medium-sized businesses, and large enterprises worldwide. Its service offering combines hosting on dedicated hardware and on multi-tenant pools of virtualized hardware in a way that suits each customer's requirements. The company's public cloud services refer to pooled computing resources delivered on-demand over the Internet. It offers cloud servers for computing; cloud sites for Website hosting; cloud block storage and cloud files for storage; cloud databases for hosting; cloud backup for file protection; cloud load balancers for traffic management; cloud monitoring for infrastructure control; cloud DNS for domain management; cloud networks for security enhancement; and cloud applications, including email, collaboration, and file back-ups. Rackspace Hosting's dedicated cloud services comprise customer management portal and other management tools for managing the data center, network, hardware devices, and operating system software; and private cloud services include a pool of computing resources for a particular customer. It also provides hybrid hosting, which enables customers to employ a combination of dedicated and pooled resources and to manage them through its RackConnect service. The company sells its service suite through direct sales teams, third party channel partners, and online ordering. Rackspace Hosting, Inc. has a strategic agreement with 10gen to deliver cloud platform for MongoDB, a NoSQL document database. The company was founded in 1998 and is headquartered in San Antonio, Texas.

## Investment Highlights

- **PATTERN SCAN** predicts the price of RAX expected to move up in the coming weeks based on the appearance of a 'Common Gap' pattern. Specifically, a DTM Daily Swing Divergence variant of Common Gap has been detected. The target is \$36.37.
- **SEASONALITY** expects the price of RAX expected to move up to \$39.67 by December 20, 2013.
- **SQUEEZETRIGGER** predicts that when RAX closes above \$37.42, we expect a short squeeze to begin that could quickly drive the price of RAX considerably higher.
- **VALUATION** RAX has a current value of \$68.37 which means the stock is undervalued compared to

its Price of \$33.1.

## How WealthMakers Market Reads Work:

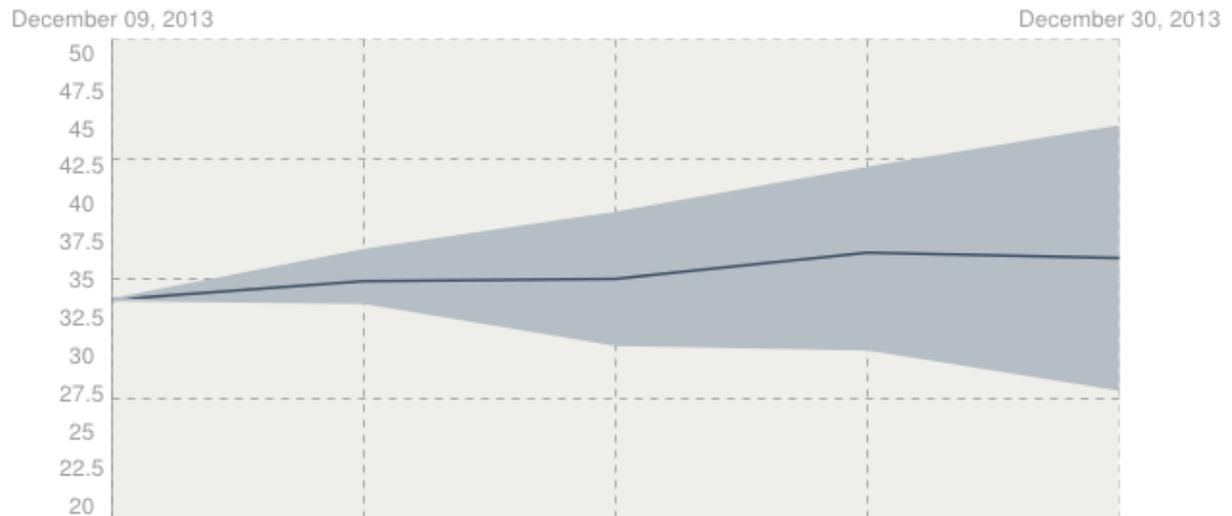
WealthMakers Market Reads™ provide you with market performance predictions based on proprietary technologies, trading algorithms and data to help you make better, more informed investment decisions. Here's a quick review of our predictive technologies:

- **EARNINGS** Most stock price histories show random or unpredictable movements around earnings reports. But some repeat the same pattern quarter after quarter, year after year. Earnings predicts probability, price move and length of move before and after all US stock earnings reports.
- **FRICTION FACTOR** Friction Factor is based on the relationship between the price of a stock and the volume at which it's bought and sold. Normal and abnormal Friction factor patterns can help you time your buying and selling decisions for maximum earnings potential.
- **GATS** The Global Automated Trading System (GATS) combines neural networks and genetic algorithms to reduce investment risks. GATS selects the highest probability trades in stocks, bonds, options, commodities, currencies and private equities, delivering precise, predictive and profitable data.
- **GROUP SECTOR** Certain institutions can exert buying or selling pressure over an entire industry group, pushing prices higher. Group Sector identifies stocks that most closely match their group's movement and generate powerful group consensus trading signals to help you profit from the herd mentality.
- **PATTERN SCAN** This technology automatically tracks "Trigger Events" that positively or negatively affect the value of a stock — or its perceived value among analysts — ranging from price fluctuations to natural disasters and political shifts. The results reveal patterns that can predict market movements.
- **EVENTS** Events describe the current technical situation in your stock. It displays the technicals, trend conditions and seasonal factors and automatically discovers how that stock has performed in the trading days following the occurrences of the event or combination of events. This technology automatically scans using complex historical queries based on what event is taking place right now in the stock. It then displays the probability, expected return and number of trading days for the expected move.
- **RegSHO NAKED SHORTS** Tracks EVERY failure to deliver in all US stocks and all Threshold Security Lists daily for which stocks have naked short positions
- **SEASONALITY** Seasonality analyzes more than 20 years of data to determine if stocks have a long or short seasonal bias, how many trading days the move is expected to last, the probability of that move and the percentage move the stock is expected to make based on the seasonal bias.
- **SQUEEZE TRIGGER** Our proprietary database of more than 3,500,000,000 short sale transactions allows us to calculate the exact price at which the total short interest is short in each stock. Squeeze Trigger Alerts let you know exactly when a short squeeze will start and how to trade profitably.
- **VALUATION** A stock's value is a function of its forecasted earnings per share and forecasted earnings growth, as well as profitability, interest and inflation rates. Valuation use these metrics to determine at what price a stock is undervalued or overvalued, so that you can make investment decisions accordingly.
- **INSIDER** Significant stock sales or purchases by company "insiders" (officers or directors) can be a predictor of future price movements — up or down. The Insider strategy tracks these actions and correlates them with historical data to give you an investment edge.

## Pattern Scan

Tracks "Trigger Events" that positively or negatively affect the value of a stock.

Rackspace Hosting Inc (NYSE: RAX) is predicted to go up in coming weeks based on bullish technical trends that have appeared in the recent performance of the stock. RAX has demonstrated Common Gap strategy DTM Daily Swing Divergence with a strength of 3.0/5. The higher the strength, the higher the probability of an accurate prediction.

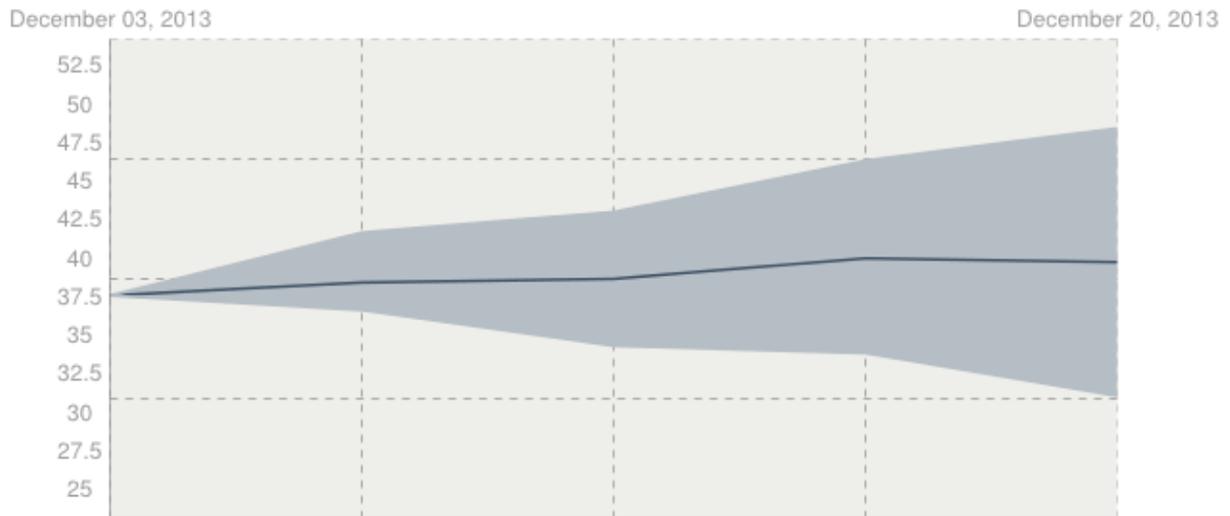


- The price of RAX expected to move up in the coming weeks.
- PatternScan has detected that a 'DTM Daily Swing Divergence' pattern has appeared.
- Specifically, a DTM Daily Swing Divergence variant of Common Gap has been detected.
- This indicates a high probability that RAX will move up in the coming weeks.

## Seasonality

Predicts probability and percentage of stock movements based on seasonal factors.

Rackspace Hosting Inc (NYSE: RAX) is predicted to go up in coming weeks based on bullish trends that appear around this time of the year. By identifying stocks that are poised to go up or down based on seasonal tendencies, traders can increase their odds of making money. RAX, currently trading at 33.1 expected to hit \$39.67 by December 20, 2013.



- The price of RAX expected to move up to \$39.67 by December 20, 2013.
- Expected gain of 5.79% from price at time of prediction (37.5).
- This pattern has held 5.0 of the last 5.0 seasonal periods.

## Squeeze Trigger

We have a proprietary database of all trading in US stocks and maintain massive databases of short sale and naked short sale time and sales data, along with short squeeze SqueezeTrigger prices. We are the only firm that knows the exact price that a short squeeze will start in every US stock.

The Cumulative Squeeze Trigger price for RAX is 37.42.

This means that when RAX closes above \$37.42, we expect a short squeeze to begin that could quickly drive the price of RAX considerably higher.

<b>Date</b>	<b>Short Volume</b>	<b>Short Value</b>	<b>SqueezeTrigger</b>
2013-12-31	6976003	250158072.379	35.8598
2013-11-30	974227	49425750.6591	50.7333
2013-10-31	4731990	235641272.025	49.7975
2013-09-30	2845809	134939725.353	47.417
2013-08-31	12566049	571368195.191	45.4692
2013-07-31	14770104	624134376.686	42.2566
2013-06-30	11776256	425844726.093	36.1613
2013-05-31	19767276	838430988.268	42.4151
2013-04-30	1389725	68305400.6675	49.1503
2013-03-31	13308703	706539079.215	53.0885
2013-02-28	13870350	873851468.49	63.0014
2013-01-31	5247562	403694419.904	76.9299
2012-12-31	5911872	412616741.491	69.7946
2012-11-30	11378966	733762381.441	64.4841
2012-10-31	8139789	540680600.452	66.4244
2012-09-30	7836092	505753131.818	64.5415
2012-08-31	14443645	761544071.354	52.7252
2012-07-31	8854186	386518864.807	43.6538
2012-06-30	11869732	528804869.412	44.5507
2012-05-31	8500434	457361601.153	53.8045

## Friction Factor

Friction Factor determines if there is normal or abnormal behavior in the price action of the stock when compared to the buying vs. selling trading statistics. It shows us how many more shares of buying than selling it takes to move a stock higher by 1 cent, or how many more shares of selling than buying it takes to drop a stock by 1 cent.

Here is how to understand Friction Factor:

- If Friction Factor is positive, more buying than selling caused RAX's price to rise
- If Friction Factor is negative, more selling than buying caused RAX's price to fall
- If Friction Factor is 0, there was no discernable activity either way
- If Friction Factor is abnormal, it means that more buying than selling caused the price to drop which is evidence of manipulative activity. In some cases more selling than buying can cause the price to increase. While this is rare, it must be noted as well. Friction Factor raw data.

Date	Change	Buy Vol	Sell Vol	Net Vol	Friction
2013-12-06	-1.15	788069	1147430	-359361	-3124.878261
2013-12-05	0.05	972304	798316	173988	34797.6
2013-12-04	-1.0	1145035	1537871	-392836	-3928.36
2013-12-03	-2.0	3314000	3266160	47840	Bearish Bias
2013-12-02	-0.71	1383711	1618924	-235213	-3312.859155
2013-11-29	1.13	498242	547130	-48888	Bullish Bias
2013-11-27	0.07	761563	830348	-68785	Bullish Bias
2013-11-26	-0.2	859650	1245624	-385974	-19298.7
2013-11-25	-1.27	1965278	1553576	411702	Bearish Bias
2013-11-22	-1.37	798101	1115480	-317379	-2316.635036
2013-11-21	-0.16	608390	641991	-33601	-2100.0625
2013-11-20	-0.07	568523	1000795	-432272	-61753.14286
2013-11-19	-1.18	970221	1188254	-218033	-1847.737288
2013-11-18	-0.52	614610	843825	-229215	-4407.980769
2013-11-15	0.53	971506	1089726	-118220	Bullish Bias
2013-11-14	-0.98	1645191	1794277	-149086	-1521.285714
2013-11-13	-1.39	2194654	1815169	379485	Bearish Bias
2013-11-12	-5.86	5408555	4760627	647928	Bearish Bias
2013-11-11	-3.04	1357201	1551320	-194119	-638.5493421
2013-11-08	0.86	745404	647799	97605	1134.94186

## Valuation

Value is a measure of a stock's current worth. RAX has a current value of 68.37 per share. Therefore, it is undervalued compared to its Price of \$33.1 per share. Value is computed from forecasted earnings per share, forecasted earnings growth, profitability, interest, and inflation rates. Value increases when earnings, earnings growth rate and profitability increase, and when interest and inflation rates decrease.

## General Results

Past success in predictions regarding all predictions on the WealthMakers platform.

Our prediction engine has a track record that is second to none. See for our results.

<b>Read Type</b>	<b>Avg Return</b>	<b>Avg Maturity Days</b>	<b>Hits</b>	<b>Misses</b>	<b>% Accurate</b>
Group Correlation	7.461	15.0	1280	72	94.67%
SqueezeTrigger	12.486	22.4	6643	398	94.35%
Insider	14.892	69.35	6741	414	94.21%
Valuation	14.484	26.96	4201	302	93.29%
Seasonality	7.645	15.02	36271	3453	91.31%
PatternScan	8.287	11.17	89938	13375	87.05%
Events	7.174	11.07	2788	453	86.02%
GATS	5.425	7.92	32682	5840	84.84%
Earnings	8.816	10.26	20330	4069	83.32%
Naked Shorts	14.638	10.76	1710	484	77.94%
Friction Factor	7.265	3.65	4788	1362	77.85%

## Recent Headlines

November 12, 2013 [www.fool.com](http://www.fool.com)

Why Rackspace Hosting, Inc. Shares Plummeted

December 04, 2013 [seekingalpha.com](http://seekingalpha.com)

Rackspace Hosting, Inc. (RAX): Rackspace: One Of The Worst Investments Out ...

December 03, 2013 [seekingalpha.com](http://seekingalpha.com)

Rackspace Hosting, Inc. (RAX): Rackspace tumbles, Amazon and others lower ...

November 11, 2013 [www.nasdaq.com](http://www.nasdaq.com)

Earnings Reaction History: Rackspace Hosting, Inc, 50.0% Follow-Through ...

November 22, 2013 [seekingalpha.com](http://seekingalpha.com)

Rackspace Hosting, Inc. (RAX): Rackspace: 3 Different Insiders Have Sold ...

November 11, 2013 [www.thestreet.com](http://www.thestreet.com)

Trade-Ideas: Rackspace Hosting (RAX) Is Today's Post-Market Leader Stock

November 22, 2013 [seekingalpha.com](http://seekingalpha.com)

Rackspace Hosting, Inc. (RAX): A roundup of tech ratings changes

November 12, 2013 [www.forbes.com](http://www.forbes.com)

Rackspace Hosting Enters Oversold Territory (RAX)

December 02, 2013 [www.wkrb13.com](http://www.wkrb13.com)

Rackspace Hosting Upgraded to Outperform at Raymond James (RAX)

December 03, 2013 [www.marketnewscall.com](http://www.marketnewscall.com)

Analysts' Recap: Micron Technology, Inc. (NASDAQ:MU), Rackspace Hosting ...

## **QUESTIONS?**

ACCOUNT SUPPORT 855-879-3258

EMAIL - [support@wealthmakers.com](mailto:support@wealthmakers.com)

## **About WealthMakers**

WealthMakers gives institutional and individual investors an exclusive advantage in making precise, predictive and profitable trading decisions. Our proprietary technologies — Earnings, Seasonality, Squeeze Trigger, Group Sector and GATS — apply artificial intelligence, proprietary algorithms, market data and research to help our clients realize exponential returns. Find out more at [WealthMakers.com](http://WealthMakers.com).

All material herein was prepared by WealthMakers, based upon information believed to be reliable. The information contained herein is not guaranteed by WealthMakers to be accurate, and should not be considered to be all-inclusive. The companies that are discussed in this opinion have not approved the statements made in this opinion. This opinion contains forward-looking statements that involve risks and uncertainties. This material is for informational purposes only and should not be construed as an offer or solicitation of an offer to buy or sell securities. WealthMakers is not a registered investment advisor in the State of California. Please consult a broker before purchasing or selling any securities viewed on or mentioned herein. WealthMakers or its affiliates may receive compensation from independent third parties, or from the companies mentioned, for data provided in this report or related services. WealthMakers affiliates, officers, directors and employees do not own shares of the company mentioned in this report, but may from time to time buy/sell the shares discussed in this opinion and may profit from those trades. Market commentary provided by Thomas Ronk, a registered investment advisor and commodities trading advisor in California. WealthMakers will not advise as to when it decides to sell and does not and will not offer any opinion as to when others should sell; each investor must make that decision based on his or her judgment.

All Rights Reserved. Copyright 2012 WealthMakers